Service Date: June 15, 2008

DEPARTMENT OF PUBLIC SERVICE REGULATION
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MONTANA

* * * * *

IN THE MATTER of the Application of MONTANA POWER COMPANY for Approval of its Electric Utility Restructuring Transition Plan Filed Pursuant to Senate Bill 390.	))))	UTILITY DIVISION DOCKET NO. D97.7.90
IN THE MATTER of the Joint Application for Approval of the Sale of Montana Power Company to NorthWestern Corporation.	)))	DOCKET NO. D2001.1.5

NOTICE OF STAFF ACTION

Pursuant to settlements in Dockets D97.7.90 and D2001.1.5, approved in Order No. 5986w (January 31, 2002), the annual recovery of out of market or "stranded" Qualifying Facilities costs for each year from 2002 to 2032 was established. Those costs are termed Competitive Transition Charges (CTCs). Order No. 5986w also provided that the established annual recovery amount would be trued-up for any prior over/under collection. The amount to be recovered for the next tracking period which starts July 1, 2008 is $25,932,173. NorthWestern is directed to file tariffs which reflect recovery of QF-CTC costs in the amount of $25,932,173. Those tariffs are to be effective on July 1, 2008.

Docket No. D97.7.90 Order No. 5986w
Stipulation Appendix B

Annual QF Out-of-Market Payment Amounts

Years	Modified Levelized Annual QF Out-of-Market Payment Amounts
2002-2003	$14,893,987
2003-2004	$16,528,053
2004-2005	$17,605,484
2005-2006	$25,566,513
2006-2007	$25,566,513
2007-2008	$25,566,513
2008-2009	$25,566,513
2009-2010	$25,566,513
2010-2011	$25,566,513
2011-2012	$25,566,513
2012-2013	$25,566,513
2013-2014	$25,566,513
2014-2015	$25,566,513
2015-2016	$25,566,513
2016-2017	$25,566,513
2017-2018	$25,566,513
2018-2019	$25,566,513
2019-2020	$25,566,513
2020-2021	$25,566,513
2021-2022	$25,566,513
2022-2023	$25,566,513
2023-2024	$25,566,513
2024-2025	$25,566,513
2025-2026	$25,566,513
2026-2027	$25,566,513
2027-2028	$25,566,513
2028-2029	$25,566,513
2029-2030	$0
2030-2031	$0
2031-2032	$0
Totals	$662,623,824

NPV = $244,711,065

Forecast of QF costs in $/mwh

3/27/2000

	Barney Creek	Billings Generation	Broadwater	Cascade Creek	CELP	Jenni Hydro	Little Gold Creek	Mission Creek	MT Marginal	Pine Creek	Pony	Ross Creek	South Dry Creek	Strawberry Creek	Wisconsin Creek
2000	67.3	45	61	71.2	68.7	64.3	34.4	20.5	19.9	61.8	60.5	27.4	62.5	64.8	60.5
2001	67.3	47	62.9	71.2	72	64.9	34.9	21.1	20.8	62.4	60.5	28.2	63.1	65.4	61.1
2002	67.3	49.3	64.9	71.2	75.5	65.5	36	21.7	21.4	62.9	60.5	29.1	63.7	66	61.6
2003	67.3	52.3	66.9	71.2	79.2	66.1	42.8	22.3	22	63.5	60.5	30	64.3	56.5	62.2
2004	67.3	55.4	69.1	71.2	82.3	66.7		23	22.7	64.1	60.5	30.9	64.9	67.1	62.8
2005	67.3	53.2	71.3	71.2	84.8	67.3		23.7	23.4	64.7	60.5	31.8	65.5	67.8	63.4
2006	67.3	55.9	73.7	71.2	87.3	67.9		24.4	24.1	65.4	73.6	32.7	66.1	68.4	64.1
2007	67.3	58.4	76.2	71.2	89.9	68.6		25.2	24.8	66		33.7	66.8	69.1	64.7
2008	67.3	62.1	78.9	71.2	92.6	69.3		22.7	25.5	66.7		34.7	67.5	69.8	65.4
2009	67.3	65.3	81.7	71.2	95.4	70				67.4		35.8	68.2	70.5	66.1
2010	67.3	68.5	84.6	71.2	98.3	70.7				68.1		36.9	68.9	71.2	66.8
2011	67.3	71.2	87.7	71.2	101.2	71.5				68.9		38	69.6	71.9	67.6
2012	67.3	72.2	90.9	71.2	104.2	72.2				69.7		39.1	70.4	72.7	68.3
2013	67.3	77.1	94.3	71.2	107.4	73				70.4		40.3	71.2	73.5	69.1
2014	67.3	83.7	97.9	71.2	110.6	76.5				71.3		41.5	72	74.3	69.9
2015	67.3	87.8	101.5	71.2	113.9					72.1		42.7	72.8	75.1	70.8
2016	67.3	93.7	105.4	71.2	117.3					73		44	73.7	76	71.6
2017	67.3	99.4	109.4	71.2	120.8					73.8		45.3	74.6	76.9	72.5
2018	67.3	102.3	113.6	71.2	124.5					74.8		46.7	75.5	77.8	73.4
2019	67.3	81.9	118.1	71.2	128.2					75.7		48.1	76.4	79.7	74.4
2020	36.8	87.6	122.8	85.2	132					76.7		49.5	77.4	80.7	75.3
2021		91.3	127.7		136					77.7		51	156.5	81.8	76.3
2022		96.2	132.8		140.1					78.7		52.5		112.1	77.4
2023		101.3	138.3		144.3					79.7		54.1			78.4
2024		107.1	129.5		148.6					114.6		55.7			79.5
2025		112.5			154.1							57.4			80.1
2026		118.4										59.1			
2027		124.8										60.9			
2028		118										62.7			
2029												64.6			
2030												66.6			
												81.8			

$60,000 / 5 = $12,000 each. NOV. 2006

MSU installs wind turbine on campus

Montana State University is now home to a working 50-foot-tall wind turbine, located in a field just off Fifth Avenue on the southeast side of campus. The turbine is part of the Montana Wind for Schools program, which will install four similar structures at schools in Cascade, Fairfield, Livingston and Stanford in the coming weeks. Students will use the turbines in lessons about alternative energy. The MSU turbine and its four siblings were funded by about $60,000 in grants from Northwestern Energy and the Montana Department of Environmental Quality.

The turbines are meant to get people in rural towns and at MSU talking and learning about wind energy, said Sean Micken, project coordinator for Western Community Energy, the company contracted to install the Wind for Schools turbines in Montana. "It's extremely important to engage young people and rural communities in discussions about energy because those are the people who will really be impacted by wind development," Micken said.

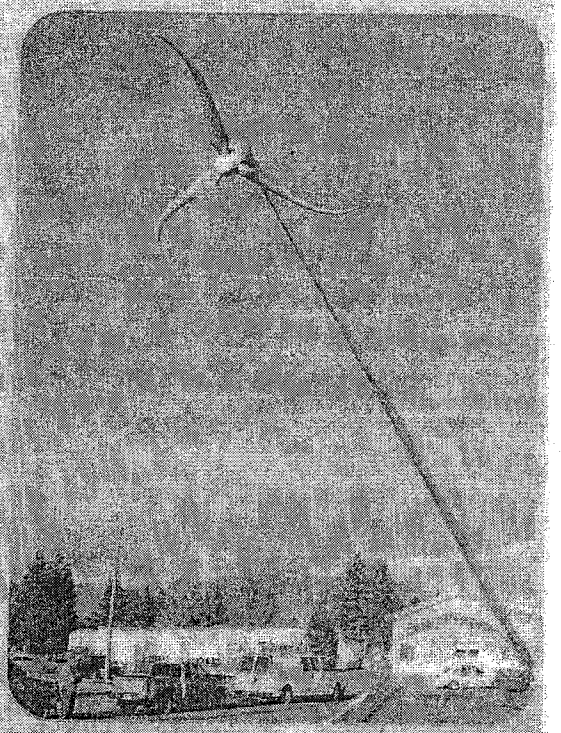
The Department of Energy expects wind to provide 20 percent of the country's electricity by 2030. The department estimates that, between now and then, Montana's wind industry could increase its capacity from 166 to 10,000 megawatts – enough to power about 2.5 million homes. In April, the Department of Energy chose MSU to be the home of Montana's new Wind Applications Center, which helps teach the public about wind energy and brings wind topics into engineering classes for MSU students.

Cole Young, a senior majoring in mechanical engineering technology, helped install the turbine. The Ekalaka, MT native is enrolled in an alternative energy class and said the turbine will be the focus of his capstone project: a system to monitor the weather at the turbine site and make that information available to the public via the Internet. "So I'm going to be living out here, basically," Young said.

The turbine stands as tall as a light pole. Its 12-foot diameter blades operate at 45 decibels – about as loud as someone whispering. In all, the turbine will produce 1.9 kilowatts, "enough to run a hair dryer, toaster and microwave, but not at the same time... and on a windy day," said Robb Larson, head of MSU's Wind Applications Center. Larson knows the turbine will not put much of a dent in the university's power bill – some buildings use light bulbs that need 500 watts, a third of what the turbine can generate – but he hopes the machine will get more people talking about wind and other alternate energy sources. Micken agreed that getting people to see that wind power is a real, working option is the most important step right now. "It's not some futuristic dream," he said. "It's magnets and copper, not rocket science."

Adapted from an article by Michael Becker of MSU News Service. •

he'd better hope not!



— not economics, either!

A $12,000 toaster!!

And only when the wind is blowing!!

This is not the publicity wind advocates want!! A $12,000 toaster?! Greens/environmentalists can only hope that Cole Young doesn't send out the dire message of expensive toast to school kids across Montana. The alternative energy thing could be stopped in its tracks.
The only way for this stuff to propagate is for people not to know the economic details.

Tom Bennett

Rosquist, Will

From: Bennett, Frank V [Frank.Bennett@northwestern.com]
Sent: Thursday, January 15, 2009 1:38 PM
To: Rosquist, Will
Subject: QF Contracts with NWE

Will, here is the list you were asking about.

Qualifying Facility List

	Facility	Plant kW	Type	
	1Agnew Ranch	65	Wind	
	2Barney Creek	60	Hydro	
	3Billings Generation, Inc.	52,000	Thermal	
	4Boulder Hydro	510	Hydro	
	5Broadwater Dam	10,000	Hydro	
	6Cascade Creek	68	Hydro	
	7CELP MT One	35,000	Thermal	
	8Hanover Hydro	240	Hydro	
✓	9Martinsdale Colony	750	Wind	
✓	10Martinsdale Colony South	2,000	Wind	
✓	11Mission Creek	65	Wind	negotiating new contract
✓	12Moe Wind	450	Wind	
✓	13Montana Marginal Energy	195	Wind	negotiating new contract
	14Pine Creek	300	Hydro	
	15Pony Generating Station	300	Hydro	
	16Ross Creek Hydro	450	Hydro	
✓	17Sheep Valley Ranch	455	Wind	
	18South Dry Creek	1,200	Hydro	
	19Strawberry Creek	190	Hydro	
	20United Materials	9,000	Wind	one year contract
	21Wisconsin Creek Limited Ptn	400	Hydro	

Have a good day.

✓ = Two Dot Wind projects